

Message Text

LIMITED OFFICIAL USE

PAGE 01 MEXICO 11838 151844Z

65

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 AGRE-00 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 L-03 /057 W

----- 127154

P 151739Z SEP 76

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 7397

LIMITED OFFICIAL USE MEXICO 11838

E.O. 11652: N/A

TAGS: EAGR, ETRD, MX

SUBJ: BEEF EXPORT PROJECTIONS

PASS USDA FAS

REF: MEXICO 11355

FOURTH QUARTER BEEF AND VEAL EXPORTSSUBJECT TO PL 88-482 SHOULD BE ADJUSTED UPWARD TO WITHIN A RANGE OF 20 TO 30 MILLION LBS. THIS WOULD PLACE TOTAL ESTIMATED 1976 MEXICAN BEEF AND VEAL SHIPMENTS IN THE 46 TO 56 MILLION LB. RANGE.

THIS PROJECTED RANGE IS NECESSARY DUE TO THE DEVALUATION OF THE PESO AND THE MANY ATTENDANT MARKET UNCERTAINTIES THAT CAN AND ARE HAVING AN EFFECT ON BEEF EXPORTS. AMONG THE UNCERTAINTIES ARE:

1. "MAQUILA" BEEF SHIPMENTS. FOURTH QUARTER 1975 SHIPMENTS TOTALLED 13.2 MILLION LBS. OF WHICH 7.5 MILLION LBS. WAS "MAQUILA" BEEF. THE ADDITIONAL VALUE OF OFFALS AND HIDES IN MEXICO (PRIOR TO DEVALUATION) WAS ONE OF THE ECONOMIC FACTS THAT MADE "MAQUILA" SLAUGHTER PROFITABL

E

AND POSSIBLE. SINCE DEVALUATION HIDES HAVE INCREASED IN PRICE AND ARE SELLING AT ABOUT THE US EQUIVALENT. HOWEVER, SIMILAR PRICE INCREASES FOR OFFALS HAVE NOT YET BEEN REALIZED. THE REEXPORTED BEEF IS NOT

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MEXICO 11838 151844Z

SUBJECT TO THE 18 PERCENT EXPORT TAX AS IS DOMESTIC BEEF AND IF

DOMESTIC PRICE INCREASES ARE REGISTERED FOR OFFALS, "MAQUILA" BEEF COULD AGAIN BE A SIGNIFICANT FACTOR IN 1976 FOURTH QUARTER SHIPMENTS. MEAT TRADE CONTACT INDICATED TODAY THEY WERE AGAIN IN THE TEXAS MARKET FOR "MAQUILA" CATTLE.

2. DOMESTIC CATTLE SUPPLY. INDICATIONS ARE THERE ARE SUFFICIENT MEXICAN CATTLE TO SHIP 20 TO 30 MILLION LBS. IN THE FOURTH QUARTER PROVIDED CATTLEMEN ARE WILLING TO SELL. HOWEVER, IF AN INFLATIONARY ATTITUDE AND SPIRAL DEVELOPS CATTLEMEN MAY WANT TO HOLD FOR STILL HIGHER PRICES. COW PRICES HAVE REPORTEDLY ADVANCED SINCE DEVALUATION FROM 6/7.50 TO 7/8.50 PESOS PER KILO.

3. GOM ACTION. CURRENTLY THERE IS AN 18 PERCENT EXPORT TAX ON MEXICAN BEEF. THE EXPORT BEEF INDUSTRY IS REQUESTING RELIEF FROM THIS TAX AND IF SUCCESSFUL ADDITIONAL EXPORTS WOULD BE FORTHCOMING. OTHERWISE, TRADE SOURCE FEELS THAT PICKUP IN DOMESTIC BEEF SHIPMENTS WILL BE LESS THAN ANTICIPATED.

4. DOMESTIC ECONOMY. IF THE DEVALUATION FORCES MAJOR CONSUMER BELT TIGHTENING AND LESS BEEF IS CONSUMED, DOMESTIC PRICES SHOULD WEAKEN IN FAVOR OF THE EXPORT MARKET. IF ON THE OTHER HAND EXCESSIVE WAGE INCREASES ARE GRANTED, INCREASED DISPOSABLE INCOMES COULD RESULT IN UPWARD PRESSURE ON DOMESTIC BEEF PRICES AND IF THERE APPEARS TO BE A BEEF SHORTAGE, GOM COULD EMBARGO EXPORT BEEF SHIPMENTS OR INCREASE EXPORT TAXES.

WE WILL CONTINUE TO MONITOR THE SITUATION AND REPORT SIGNIFICANT DEVELOPMENTS.

THOMPSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEATS, EXPORT DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 15 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: blochd0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MEXICO11838
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760348-0516
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760958/aaaabxui.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 MEXICO 11355
Review Action: RELEASED, APPROVED
Review Authority: blochd0
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2004 by ellisoob>; APPROVED <02 NOV 2004 by blochd0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BEEF EXPORT PROJECTIONS PASS USDA FAS
TAGS: EAGR, ETRD, MX, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006